

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

US Department of Energy

DEC 14 2005

Electricity, Delivery and Energy Reliability

MAG Energy Solutions Inc. ()

Docket No. EA-306

APPLICATION OF
MAG ENERGY SOLUTIONS INC.
FOR AUTHORIZATION TO
TRANSMIT ELECTRIC ENERGY TO CANADA

MAG Energy Solutions Inc. ('MAG E.S.'), pursuant to Section 202 (e) of the Federal Power Act ('FPA') (16 U.S.C. §824a(e)) and 10 C.F.R. § § 205.300, *et seq.* (2004), hereby requests authorization to transmit electric energy from the United States to Canada for a period of five (5) years (or for such other period as the Department deems appropriate).

I DESCRIPTION OF APPLICANT

MAG Energy Solutions Inc. is engaged in the marketing of electric power at wholesale, as well as in the physical and financial trading of other energy products. MAG Energy Solutions has been authorized by the Federal Energy Regulatory Commission ('FERC') to engage in wholesale sales of electric power in interstate commerce, at negotiated rates, under Docket No. ER04-839-000 and ER04-839-001. A copy of the FERC order is included with this application as Exhibit G.

MAG E.S. does not own any electric generation or transmission facilities nor does it hold a franchise or service territory for the transmission, distribution or sale of electric power.

II COMMUNICATIONS

Martin Gauthier
Director
MAG Energy Solutions Inc.
486 Ste-Catherine W, #402
Montreal, QC, Canada H3B 1A6
(514) 227-1654 (telephone)
(514) 227-1656 (facsimile)
mgauthier@magenergysolutions.com (email)

III ORGANIZATION OF APPLICANT, AUTHORITY TO DO BUSINESS

MAG E.S. is a Canadian corporation with its principal place of business in Montreal, Quebec. Currently, MAG E.S. is authorized to do business in Canada. MAG E.S. has an EIN number from IRS in the United States which authorized it to do business in the United States.

IV JURISDICTION

MAG E.S. does not know of any other Federal, State, Provincial or local government that has jurisdiction over the actions to be taken under the authority sought in this Application.

V FACILITIES

MAG E.S. intends to export power over existing transmission interconnections between the United States and Canada. Exhibit C to this Application provides the location and description of the transmission facilities through which the electric energy may be delivered into Canada, and includes the name of the facility owners as well as the Presidential Permit numbers.

VI TECHNICAL DISCUSSION OF PROPOSAL

As noted above, MAG E.S. has no 'system' of its own on which exports of power could have a reliability or stability impact. The electric power MAG E.S. will export, on either a firm or interruptible basis, will be purchased from others voluntarily and will therefore be surplus to the needs of the selling entities. Moreover, because MAG E.S. does not have an obligation to serve native load, the exports proposed by MAG E.S. will not impair its ability to meet current and prospective power supply obligations.

In previous orders granting export authorization to electric power marketers, the Department declined to rigidly apply the information filing requirements contained in its regulations and instead used a flexible approach which takes into consideration the unique nature of power marketers, the requirements of FERC Order No. 888 and previously authorized export limit of cross-border facilities.¹ These same considerations demonstrate that MAG E.S. proposed exports will not impair or tend to impede the sufficiency of electric supplies in the United States or the regional coordination of electric utility planning or operations.

MAG E.S. application is consistent with United States energy policy established in the Energy Policy Act of 1992, the North American Free Trade Agreement of 1993 and FERC Order No. 888, which fosters more efficient and competitive North American energy markets.

VII PROCEDURAL MATTERS

MAG E.S. is seeking authorization, as power marketer, to export electricity through existing border facilities although specific transactions have not yet been

¹ See, e.g., NorAm Energy Services, Inc., No. EA-105-CN (Aug. 16, 1996); MidCon Power Services Corp., No. EA-114 (July 15, 1996); USGen Power Services, No. EA-112 (June 27, 1996); CNG Power Services Corp., No. EA-110 (June 20, 1996); Destec Power Services, Inc., No. EA-113 (May 31, 1996); North American Energy Conservation, Inc., No. EA-103 (May 30, 1996); NorAm Energy Services, Inc., No. EA-105-MX (May 30, 1996); Enron Power Marketing, Inc., No. EA-102 (Feb. 6, 1996); Morgan Stanley Capital Group, No. EA-185-A-CN (Aug. 14, 2000).

finalized. The Department has granted export authority to similarly-situated electric power marketers. If required by the Department, MAG E.S. is willing to accept general conditions consistent with the Department's previous power marketer export authorizations. In particular, if required by the Department, exports made by MAG E.S. will not exceed the export limits for the transmission facilities utilized by MAG E.S., or otherwise cause a violation of the terms and conditions set forth in the export authorizations application to each. MAG E.S. also commits to providing to the Department, if required, prior to commencing export, written evidence to the Department that it has secured sufficient transmission service for the delivery of power to the border. In addition, if required, when scheduling the delivery of power, MAG E.S. will comply with applicable North American Electric Reliability Council ('NERC') reliability criteria, standards, and guidelines. Finally, if required, for each calendar quarter, MAG E.S. will provide the Department with reports indicating the gross amount of electricity delivered to Canada, consideration received during each month, and the maximum hourly rate of transmission.

VIII EXHIBITS

The following exhibits are attached hereto as follows:


Exhibit A – (Not applicable)
Exhibit B – (Legal Opinion of Counsel)
Exhibit C- Transmission Facilities (submitted in lieu of maps)
Exhibit D – (Power of Attorney)
Exhibit E – (Not applicable)
Exhibit F – (Not applicable)
Exhibit G – FERC Market-Based Rates Order
Exhibit H - Verification

To the extent necessary, MAG E.S. requests a waiver of the requirement to provide the exhibits that are not applicable to its application, as noted.

IX CONCLUSION

Wherefore, MAG Energy Solutions Inc. respectfully requests that the Department review and grant this application in an expeditious manner.

Respectfully submitted



Martin Gauthier

Director

MAG Energy Solutions inc.

486 Ste-Catherine W, #402

Montreal (QC) H3B 1A6

Canada

(514) 227-1654

(514) 227-1656

EXHIBIT A (Not applicable)

EXHIBIT B

Montreal, December 2, 2005

RE: Opinion of Legal Counsel in support of application for Authorization to Transmit Electric Energy to Canada

To Whom It May Concern:

We are Canadian attorneys, members of the Bar of the Province of Quebec, representing MAG Energy Solutions Inc.

Our client has requested that we provide the present opinion in connection with its application for an Authorization to Transmit Electric Energy to Canada, dated December 1, 2005.

Relying solely on the information and documents provided to us by our client, we are of the opinion that:

- MAG Energy Solutions Inc. is a validly existing entity, duly incorporated under the *Canada Business Corporations Act*, which is in good standing and authorized in general to do business in Canada.
- MAG Energy Solutions Inc. has no restrictions indicated in its Articles of Incorporation as to the business it may generally carry on, which is nonetheless subject to the permits or licences that may otherwise be required by law for specific activities, and is duly registered as an enterprise in the Province of Quebec, where its head office is located.
- MAG Energy Solutions Inc. has received, by order of the Federal Energy Regulatory Commission (FERC) on August 5, 2004 under docket numbers ER04-839-000 and ER04-839-001, a Market-Based Rate Authorization.
- MAG Energy Solutions Inc. has received, by order of the Ontario Energy Board (OEB) on December 21, 2004 under docket number EB0-2004-0442, an Electricity Wholesaler Licence for the Province of Ontario.

This opinion is limited to the above statements and makes reference to the documents cited above with regards to the terms, conditions, restrictions or limitations they may contain, as the case may be.

Per:



Alberto Martinez, Attorney
DESLAURIERS JEANSONNE s.e.n.c.
1100 De la Gauchetière St. W.
7th Floor, C.P. 104
Montreal (Quebec) H3B 2S2

EXHIBIT C

Authorized Export Points

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
Basin Electric	Tioga, ND	230-kV	PP-64
Boise Cascade	International Falls, MN	115 kV	PP-96
	International Falls, MN	6.6-kV	PP-39
Bonneville	Blaine, WA	2-500 kV	PP-10
Power	Nelway, WA	230-kV	PP-36
Administration	Nelway, WA	230-kV	PP-46
Eastern Maine Electric Coop.	Calais, ME	69-kV	PP-32
International Transmission Co.	St. Clair MI	345-kV	PP-230
	Marysville, MI	230-kV	PP-230
	Detroit, MI	230-kV	PP-230
	St.Clari, MI	345-kV	PP-230
Joint Owners of Highgate Project	Franklin, VT	120-kV	PP-82
Long Sault, Inc.	Massena, NY	2-115-kV	PP-24
Maine Electric Power co.	Houlton, ME	345-kV	PP-43
Maine Public Service Co.	Limestone, ME	69-kV	PP-12
	Fort Fairfield, ME	69-kV	PP-12
	Aroostook County, ME	138-kV	PP-29
	Madawaska, ME	2-69-kV	PP-29
Minnesota Power, Inc.	International Falls, MN	115-kV	PP-78
Minnkota Power Coop., Inc.	Roseau County, MN	230-kV	PP-61
New York Power Authority	Ft. Covington, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-190
Northern States Power Co.	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
Northern States/Xcel	Rugby, ND	230-kV (Not built)	PP-231
Vermont Electric Coop. Co.	Derby Line, VT	120-kV	PP-66
Vermont Electric Transmission Co.	Norton, VT	±450-kV DC	PP-76

EXHIBIT D (Power of Attorney)

IRRECOVABLE LIMITED
POWER OF ATTORNEY

This IRRECOVABLE LIMITED POWER OF ATTORNEY is made December 1st 2005 by MAG Energy Solutions Inc. (the 'Principal'), a corporation organized and existing under the Canadian Business Corporations Act, with its headquarters at 486 Ste-Catherine West, #402, Montreal, Quebec, Canada H3B 1A6.

1. Appointment. The Principal does hereby appoint Thomas Wyaux whose resided at 1049 Orange Road, Warwick, Massachusetts 01378 as the Principal's true and lawful agent and attorney-in-fact ('Attorney-in-Fact') for the limited purpose hereinafter set out.
2. Scope of Authority. The Attorney-in-Fact shall have the limited power and authority to receive service of process for any and all matters relating to Principal's reporting requirements to the Department of Energy pursuant to Principal's Authority to Transmit Electric Energy to Canada.
3. Irrevocability. This Power of Attorney is irrevocable by the Principal.

IN WITNESS WHEREOF, the Principal has caused this Power of Attorney to be duly executed on this 1st day of December 2005.

MAG Energy Solutions inc.

By: Mart G H
Name : Martin Gauthier
Title : Director

This instrument was acknowledged before me on the 1st day of December 2005 by
LYON at Montreal, QC.
LAURE

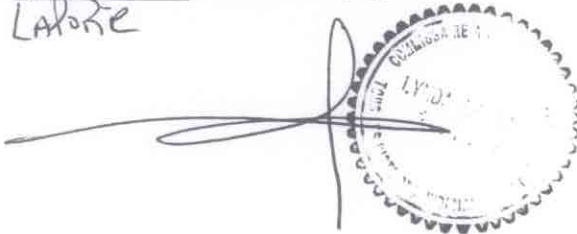
A handwritten signature, possibly of a notary, is written over a circular notary seal. The seal contains the text "NOTAIRE" and "QUÉBEC" and is partially obscured by the signature.

EXHIBIT E (Not applicable)

EXHIBIT F (Not applicable)

EXHIBIT G (FERC permit)

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20126

In Reply Refer To:
MAG Energy Solutions, Inc.
Docket Nos. ER04-839-000 and
ER04-839-001
August 5, 2004

Marin Gauthier
MAG Energy Solutions, Inc.
7290 Pelletier
Brossard, Québec
Canada, J4W 2R1

Reference: Market-Based Rate Authorization
Ladies and Gentlemen:

Pursuant to the authority delegated to the Director, Division of Tariffs and Market Development - South, under 18 C.F.R. § 375.307, the market-based rate application in the referenced docket, along with the proposed designation, is accepted for filing, effective August 25, 2004, as requested.

On May 13, 2004, as amended July 6, 2004, you filed on behalf of MAG Energy Solutions, Inc. (MAG E.S.), an application for market-based rate authority, with an accompanying tariff. The proposed market-based rate tariff provides for the sale of capacity and energy at market-based rates. MAG E.S. requests waivers commonly given to similar market-based rate applicants.

MAG E.S. is an independent Canadian corporation with its principal place of business in Montreal, Quebec. MAG E.S. intends to market electricity to wholesale customers as a power marketer. MAG E.S. is neither a subsidiary of any other company nor is it organized with any other affiliates.

You state that MAG E.S. does not currently own, operate or control any generating or transmission facilities and therefore cannot have market power. You further state that they are unable to erect barriers to entry because they do not own or control building sites for energy-related assets, interstate natural gas pipelines, engineering and construction firms, or gas distribution facilities. You also assert that

Rate Schedule FERC No. 1, Original Sheet Nos. 1-3.

Docket Nos. ER04-839-000 and
ER04-839-001 -2-

MAG E.S. is not affiliated with a public utility with a franchised electric service territory, so no affiliate abuse concerns exist.

Market-Based Rate Authorization

Your submittal satisfies the Commission's requirements for market-based rates regarding generation and transmission market power, other barriers to entry and affiliate abuse.

You intend to act as a power marketer and are not requesting approval to reassign transmission capacity. You are hereby informed that you are authorized to reassign transmission capacity pursuant to the Commission's order in *Enron Power Marketing, Inc.*, 81 FERC ¶ 61,277 (1997).

Waivers

You request waiver of Part 41, Part 101, and Part 141 of the Commission's Regulations concerning accounting and reporting requirements. This waiver is granted with the exception of 18 CFR §§ 141.14 and 141.15.

Your request for waiver of Part 45 of the Commission's Regulations regarding interlocking directorates is granted with respect to any person now holding or who may hold an otherwise proscribed interlocking directorate involving the applicant. Such personnel shall file a sworn application providing his or her full name and business address and all jurisdictional interlocks, identifying the affected companies and the positions held by that person.² The Commission reserves the right to require a further showing that neither public nor private interests will be adversely affected by continued Commission approval of issuances of securities or assumptions of liabilities or by the continued holding of any affected interlocks.

You request waiver of Part 34 of the Commission's Regulation regarding securities and assumption of liabilities. Since these requirements are statutory in nature they cannot be waived. However, a separate notice will be published in the Federal Register following this letter order establishing a period during which protests may be

² Citizens Energy Corp., 35 FERC ¶ 61,198 (1986); Citizens Power and Light Corp., 48 FERC ¶ 61,210 (1989) (*Citizens Power*); Enron Power Marketing, Inc., 65 FERC ¶ 61,305 (1993), order on reh'g, 66 FERC ¶ 61,244 (1994) (*Enron*).

³ *Enron*, 65 FERC ¶ 61,305.

filed. Absent a request to be heard in opposition within the set comment period, you are authorized to issue securities and assume obligations or liabilities.⁴

Reporting Requirements

You are required to file electronically with the Commission an Electric Quarterly Report⁵ containing a summary of the contractual terms and conditions, which are described in attachments B and C of Order No. 2001, in every effective service agreement and detailed transaction information for effective short-term (less than one year) and long-term (one year or greater) power sales during the most recent calendar quarter. Each Electric Quarterly Report must be filed no later than the last day of the month following each calendar quarter.

If you fail to file an Electric Quarterly Report (without an appropriate request for extension), or fail to report an agreement in a report, you may forfeit your market-based rate authority requiring filing of a new application for market-based rate authority if you wish to resume making sales at market-based rates.

You are also required to file an updated market analysis within three years of the date of this order, and every three years thereafter. The Commission also reserves the right to require such an analysis at any intervening time.

You are further required to inform the Commission promptly of any change in status that would reflect a departure from the characteristics the Commission has relied upon in approving market-based pricing in a separate report filed under the docket in which you first received market-based rate authority. These include, but are not limited to: (a) ownership of generation or transmission facilities or inputs to electric power production other than fuel supplies; or (b) affiliation with any entity not disclosed in the applicant's filing and that owns generation or transmission facilities or inputs to electric power production, or that has a franchised service area. You may elect to report such changes in conjunction with your updated market analysis.

Procedural Matters

Your filing was noticed on May 17, 2004, with comments, protests or interventions due on or before June 3, 2004, and on July 13, 2004, with comments, protests or interventions due on or before July 28, 2004. No protests or adverse

⁴ *Citizens Power*, 48 FERC ¶ 61,210; *Enron*, 65 FERC ¶ 61,305.

⁵ The Electric Quarterly Report must be submitted to the Commission using the EQR Submission System Software, which may be downloaded from the Commission's website at <http://www.ferc.gov/Electric/eqr/eqr.htm>.

comments were filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 CFR ¶ 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the applicant.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 CFR § 385.713.

Sincerely,

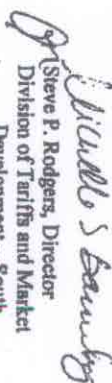
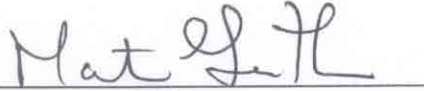

Steve P. Rodgers, Director
Division of Tariffs and Market
Development - South

EXHIBIT H

VERIFICATION

I, Martin Gauthier, having knowledge of the matters set forth in the above Application by MAG Energy Solutions Inc. for Authorization to Transmit Electric Power to Canada, hereby verify that the contents thereof are true and correct to the best of my knowledge and belief.



Martin Gauthier
Director

SUBSCRIBED AND SWORN before me, a notary public in the Province of Quebec
this 1st day of December, 2005

My Commission Expires :


September, 2008



EXHIBIT D (Power of Attorney)

IRRECOVABLE LIMITED
POWER OF ATTORNEY

15 This IRRECOVABLE LIMITED POWER OF ATTORNEY is made February 15, 2006 by MAG Energy Solutions Inc. (the 'Principal'), a corporation organized and existing under the *Canadian Business Corporations Act*, with its headquarters at 486 Ste-Catherine West, #402, Montreal, Quebec, Canada H3B 1A6.

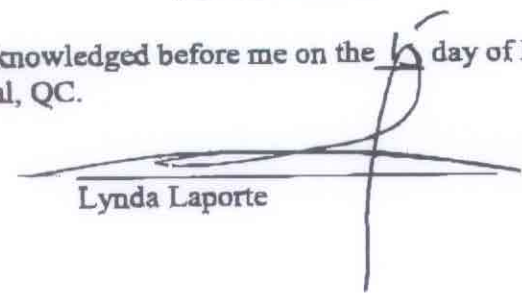
1. Appointment. The Principal does hereby appoint Mr. Thomas Wyaux, whose located at 1049 Orange Road, Warwick, Massachusetts 01378 as the Principal's true and lawful agent and attorney-in-fact ('Attorney-in-Fact') for the limited purpose hereinafter set out.
2. Scope of Authority. The Attorney-in-Fact shall have the limited power and authority to receive service of process for any and all matters relating to Principal's reporting requirements to the Department of Energy pursuant to Principal's Authority to Transmit Electric Energy to Canada, filed pursuant to 10 C.F.R. § 205.300, *et seq.*
3. Irrevocability. This Power of Attorney is irrevocable by the Principal, subject only to the Principal's right to re-designate, or substitute the Attorney-in-Fact upon 30 days prior to notice to the Department of Energy and Attorney-in-Fact.

IN WITNESS WHEREOF, the Principal has caused this Power of Attorney to be duly executed on this 15 day of February, 2006.

MAG Energy Solutions inc.

By: 
Name : Martin Gauthier
Title : President

This instrument was acknowledged before me on the 15 day of February 2006 by Martin Gauthier at Montreal, QC.


Lynda Laporte

